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SUBJECT: TAIWAN SCHOLARS URGE CAUTION OVER EXPECTATIONS FOR
CROSS-STRAIT BREAKTHROUGH

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

1. (C) Summary: Taiwan cross-Straits specialists warn that there could be a domestic backlash in both the PRC and Taiwan if the two sides do not manage expectations for a cross-Straits political breakthrough in the wake of recent opposition visits to the Mainland. During a May 16 closed door meeting of U.S. and Taiwan cross-Straits scholars, Taiwan specialists suggested that future cross-Straits interactions should focus on functional engagement, building on progress from the Lunar New Year charter flights. Mainland Affairs Council (MAC) Chairman Joseph Wu told the group that Taipei is willing to engage Beijing on its recent agricultural and tourism initiatives using the New Year charter flights model. Taiwan observers expressed suspicion over PRC motives, and judged that Beijing offered no substantive concessions over core principles during recent meetings with Taiwan opposition leaders. Former MAC Chair Tsai Ing-wen cautioned that both Taiwan President Chen Shui-bian and PRC President Hu Jintao have only a limited window for flexibility. If either fails to justify their policies in the coming months, Tsai warned, they may both face renewed pressure from respective domestic hard-line elements to ratchet up tensions. End Summary.

Trading Assessments

2. (SBU) Taiwan's Foundation on International and Cross-Straits Studies hosted a small group of U.S. and Taiwan scholars on May 14 for a closed door discussion on cross-Straits relations after the Anti-Secession Law. The Taiwan side was composed of both Blue and Green scholars as well as several current and former government officials. The U.S. delegation included Brookings scholars Richard Bush, Jeffrey Bader, and Huang Jin, Davidson College Professor Shelly Rigger, CSIS Associate Bonnie Glaser, and Center for Naval Analysis Director Michael McDevitt. The U.S. delegation both offered an assessment of USG policy and conveyed views expressed by PRC scholars during recent meetings in Shanghai. The Taiwan side focused on the recent visit of People First Party (PFP) Chairman James Soong and expectations over Beijing's next steps in cross-Straits policy.

Diminishing Expectations

3. (SBU) The Taiwan scholars were nearly unanimous in their assessment that Beijing did not offer any new political formulations during the recent visits by the KMT and PFP leaders. Both Blue and Green scholars characterized Soong's recent visit in negative terms, alleging that Soong caved in to PRC demands for fear that Beijing would cancel Soong's meeting with Hu Jintao. Former MAC Vice Chairman Chen Ming-tong was particularly scathing over Soong's rejection of any "two Chinas" model and his offer of a new "two shores, one China" formulation. Several participants noted that even the KMT rejected Soong's formulation as tantamount to denying the existence of the "Republic of China." While (Blue leaning) National Cheng-chi University Professor Chao Chien-ming argued that there may be potential flexibility in some of the language used during the visits to finesse the "1992" deadlock, both U.S. and Taiwan scholars characterized Hu Jintao's repeated public linkages of "1992 consensus" and the "one China principle" as a signal that the PRC is moving away from ambiguous formulations that would be politically acceptable to Taiwan.

4. (SBU) Blue leaning Academia Sinica scholar Hsu Szu-chien characterized the recent KMT/PFP visits as a major boost for the Hu Jintao government. Hsu said the fact that both the KMT and PFP agreed to cooperate with the Chinese Communist Party (CCP) to oppose Taiwan independence marked a major moral victory for Beijing. The potentially most destabilizing aspect of the agreements between the CCP and two Pan-Blue parties, he cautioned, was the establishment of a regular dialogue channel for future contacts. Hsu warned that if Beijing used these contacts to pursue future cross-Straits interaction at the expense of an official dialogue, the Taiwan public would soon grow wary of PRC motives, and the current positive public view on cross-Straits

interactions could quickly sour. Hsu added that high profile diplomatic setbacks could combine with disappointment over PRC actions to create another anti-China backlash in Taiwan. Tsai: Two Leaders, Same Challenge

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15. (SBU) Former MAC Chair (and current DPP Legislator) Tsai Ing-wen offered a similar assessment. She said that both President Chen and President Hu are likely to enjoy only a limited window to pursue cross-Straits flexibility. On the Taiwan side, Tsai said that in addition to seeking his own legacy in cross-Straits relations, Chen had promised the business community that he would make progress on economic and transportation links in his second term. She said that Chen has been given room to maneuver by the DPP's success in the May 14 National Assembly (NA) election. However, Tsai warned that Chen's flexibility could be soon challenged by two factors -- a refusal by Beijing to engage the Taiwan government on cross-Straits issues and/or a refusal by the KMT to cooperate with the DPP on domestic policy. If the PRC and KMT either together or separately sought to marginalize the government, Tsai warned that the public, especially Pan-Green supporters, would lose patience with Chen's reconciliation policies. Tsai also cautioned that Chen's constitutional reform agenda is very much unchanged, and has gained new momentum after the NA election. While denying that Chen would stray from his May 20, 2004, inaugural promises, Tsai said that a combination of constitutional revisions and souring cross-Straits relations could re-ignite tensions.

16. (SBU) Tsai stated that Hu Jintao has a similarly narrow window to engage Taipei in dialogue. She asserted that the Anti-Secession Law (ASL) has given Hu temporary breathing space to pursue a more flexible policy course, but she warned that in the longer term, the ASL will become a burden for Hu and his successors. Tsai predicted that once Hu's honeymoon is over, the PLA and other hard-liners would cite the ASL when attacking political leaders for any lack of progress in cross-Straits relations. Tsai said that Hu should quickly seize this opportunity to open a quiet dialogue with the Chen government on how to bridge the "1992" deadlock. She emphasized that any real interaction on the issue must be kept out of the media, noting that the very public discussions of "1992" and "one China" surrounding the Lien/Soong visits has made it more difficult to bridge the gaps between the two sides.

Focus on the Functional

17. (SBU) Academia Sinica's Hsu asserted that in order for both sides to avoid creating unachievable public expectations, the focus should be on functional contacts rather than political principles. Hsu stated that the most useful role for the USG would be to encourage both sides to talk more about technical issues like transportation links in order to downplay expectations for a major breakthrough over "one China." Former MAC Vice Chairman Alexander Huang offered a similar assessment, and noted that the Lunar New Year charter flight model offers a ready-made framework for the two sides to restart functional talks. MAC Chairman Joseph Wu said that Taiwan was willing to use this model to engage Beijing on its recent offers over agriculture and tourism, but expressed concern over PRC Taiwan Affairs Office (TAO) Deputy Director Wang Zaixi's May 3 reiteration of problematic PRC formulations, including the demand that cross-Straits transportation links be classified as "domestic."

Comment: Perfect, the Enemy of the Good?

18. (C) The domestic squabbling over political formulations that resulted from the recent Pan-Blue visits suggests that high-profile attempts to bridge the "one China" gap are only going to cause further internal divisions within Taiwan and could even risk undermining recent positive atmospherics across the Strait. While a private dialogue to explore ways forward over the "1992" concept would be useful, the real short-term deliverable appears to be on functional engagement. Progress using the quasi-official New Year charter model (increasingly referred to in Taiwan as the "Macau model") on transportation links, agricultural cooperation, and tourism would signal momentum in the relationship and could produce concrete achievements that would serve the interests of both sides. PRC agreement to use the Macau model would also reduce the temptation on both sides to resort to exclusively CCP-KMT party-to-party talks to move forward on functional issues, a move that would only fuel Taiwan suspicions over PRC intentions.

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